



NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY
WESTERN DISTRICT OF MISSOURI

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FOR IMMEDIATE RELEASE

Note: Court documents related to today's criminal complaint will be available in .pdf format, and may be downloaded from the district's Web site at www.usdoj.gov/usao/mow.

FLORIDA MAN PLEADS GUILTY TO MULTI-MILLION DOLLAR LIPITOR SMUGGLING, COUNTERFEITING CONSPIRACY

KANSAS CITY, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a Florida man pleaded guilty in federal court today to participating in a multi-million dollar conspiracy to sell counterfeit and illegally imported Lipitor in the United States and selling counterfeit Lipitor, a prescription drug widely used to reduce cholesterol.

Julio Cesar Cruz, 42, of Miami, Fla., a naturalized U.S. citizen from Cuba, waived his right to a grand jury and pleaded guilty before U.S. District Judge Gary A. Fenner this morning to a federal information that charges him with the sale of counterfeit drugs and conspiracy to sell counterfeit and illegally imported drugs. Today's information replaces a federal criminal complaint that was filed against **Cruz** on Dec. 5, 2003.

Today's proceedings result from an ongoing investigation of **Cruz** and others relating to the manufacturing, smuggling and distribution in interstate commerce of counterfeit pharmaceuticals that was launched by the Food and Drug Administration in April 2003, Graves said. The investigation also involves the illegal importation, smuggling and distribution of foreign-manufactured, illegally diverted pharmaceuticals. The investigation included, but was not limited to, the prescription drug Lipitor. Lipitor is manufactured and distributed by Pfizer Ireland Pharmaceuticals and Pfizer, Inc.

By pleading guilty today, **Cruz** admitted that he participated in a conspiracy to sell counterfeit, misbranded and illegally imported drugs from February 2002 to April 2003. The loss associated with the conspiracy to sell counterfeit and illegally imported drugs, Graves said, was in excess of \$7 million but less than \$20 million.

Cruz and other members of the conspiracy caused genuine Lipitor tablets not intended for sale in the United States to be illegally imported by, among other things, making false and fraudulent representations to the U.S. Customs Service. According to the federal information, members of the conspiracy purchased \$8.3 million worth of genuine Lipitor manufactured for distribution in a South American country, with the intent to illegally import the South American Lipitor into the United States. The purchases of those illegally diverted drugs were made through Pharma Medical, Lighthouse Investments, and an unnamed import and export company.

Members of the conspiracy also purchased punches and dies from a company in the St. Louis, Mo., area, as well as various chemicals, to be used in manufacturing 10 mg. and 20 mg. counterfeit Lipitor tablets. Those materials were shipped to locations outside the United States – including Costa Rica and Honduras – for the purpose of setting up a drug manufacturing facility in a foreign country. Counterfeit Lipitor tablets were manufactured and smuggled into the United States, Graves said. Counterfeit drug labels were purchased from a company in the greater Miami, Fla., area, to be placed on bottles that contained the illegally imported and diverted tablets as well as bottles that contained the counterfeit tablets.

Members of the conspiracy then sold the counterfeit, illegally imported and diverted tablets to drug wholesalers in the United States. According to the federal information, Albers Medical Distributors, Inc., a Kansas City, Mo., firm, paid more than \$12.8 million to purchase the counterfeit, illegally imported and diverted tablets from members of the conspiracy.

According to the federal information, more than \$10.4 million in proceeds from the sale of the counterfeit, illegally imported and diverted Lipitor was deposited into a bank account held in the name of Pharma Medical at a bank in Tennessee between Nov. 18, 2002, and Feb. 4, 2003.

In the course of the conspiracy, Graves added, **Cruz** fraudulently obtained a U.S. passport in the name of Ricardo Garcia to travel outside the United States to Panama, Costa Rica and the Bahamas.

Count Two of the federal information charges **Cruz** with selling more than 4 million tablets of counterfeit Lipitor between December 2002 and March 2003.

Count Three of the federal information charges **Cruz** with selling numerous bottles containing counterfeit drugs. The labels on those bottles, according to the information, falsely stated that the drugs inside the bottles were manufactured by Pfizer. The labels did not bear the name and place of business of the true manufacturer, packer or distributor of the tablets.

By pleading guilty today, **Cruz** agreed to forfeit to the government \$2 million in proceeds from his criminal activities and to surrender counterfeit, illegally imported and diverted drugs with a market value of \$5 million.

Under federal statutes, **Cruz** could be subject to a sentence of up to 11 years in federal prison without parole, plus a fine up to \$750,000. A sentencing hearing will be scheduled after the completion of a presentence investigation by the United States Probation Office.

This case is being prosecuted by Senior Litigation Counsel Gene Porter. It was investigated by the Office of Criminal Investigations, U.S. Food and Drug Administration.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at
www.usdoj.gov/usao/mow